



CITY COUNCIL MEETING STAFF REPORT

Meeting Date: October 21, 2024		Subject: Frog Pond East and South Infrastructure Funding Plan	
		Staff Member: Daniel Pauly, Planning Manager; Amy Pepper, Development Engineering Manager	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable	
		Comments: N/A	
Staff Recommendation: N/A			
Recommended Language for Motion: N/A			
Project / Issue Relates To:			
<input checked="" type="checkbox"/> Council Goals/Priorities: Expand home ownership	<input checked="" type="checkbox"/> Adopted Master Plan(s): Frog Pond East and South Master Plan	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

An important implementation step in realizing the vision of the Frog Pond East and South Master Plan, adopted in December 2022, is to adopt an Infrastructure Funding Plan. The Funding Plan will guide creation of more detailed financing plans and development agreements for individual infrastructure projects and developments as the Frog Pond East and South neighborhoods develop. This work session will present to the City Council the draft Funding Plan (see Attachment 1) and gather feedback prior to a planned adoption by resolution on November 18.

EXECUTIVE SUMMARY:

The Frog Pond East and South Master Plan, adopted by City Council in December 2022, provides clear policy direction and guidance for future development in Frog Pond East and South. An important implementation step is to develop an Infrastructure Funding Plan to guide how the needed road, sewer, storm, water, park, and trail projects, previously adopted in the Frog Pond East and South Master Plan and incorporated into respective infrastructure Master Plans, will be funded to serve the future development. The Funding Plan will be the guide to more detailed finance plans and development agreements for individual infrastructure projects and developments as they get planned, designed, and built over the next couple of decades.

Attached the Council will find three documents for their review. First is the draft Infrastructure Funding Plan (Attachment 1). Second, is a draft Technical Attachment (Attachment 2) showing analysis supporting the Infrastructure Funding Plan, and third is draft methodology explanation of the technical analysis (Attachment 3). Also attached for reference are the prior Frog Pond Area Plan and Frog Pond West Master Plan Infrastructure Fundings Plans (Attachments 4 and 5).

Background

On November 15, 2015, the City Council adopted the Frog Pond Area Plan, which includes an Infrastructure Funding Plan (Appendix H of the Area Plan, see Attachment 4). The funding plan adopted with the Area Plan evaluates the infrastructure needs for the entire 500-acre Frog Pond area and offers strategies of how to fund those infrastructure improvements. As part of the Frog Pond West Master Plan, adopted by Council in July 2017, the Infrastructure Funding Plan was updated with revised infrastructure projects, associated costs, and more detailed and refined funding mechanisms necessary to implement the Frog Pond West Master Plan (see Attachment 5). In December 2022, Council adopted the Frog Pond East and South Master Plan which further refined identified infrastructure necessary to serve the Frog Pond East and South planning area. However, the Frog Pond East and South Master Plan deferred an update to the Infrastructure Funding Plan, allowing staff, consultants, and stakeholders additional time to work through the necessary details to ensure efficient, cost effective, and equitable implementation of the infrastructure necessary to realize the Frog Pond East and South Master Plan.

Nature and Intention of the Funding Plan

Both infrastructure funding plans in the Area Plan and Frog Pond West Master Plan rely on and reflect the general citywide policies and practices regarding provision of infrastructure improvements as part of development. These previously adopted City policies and practices will continue to establish the baseline assumptions for the Frog Pond East and South Infrastructure Funding Plan and are discussed in detail in **Attachment 1**.

As such, the Frog Pond East and South Infrastructure Funding Plan intends to provide an overarching strategy for future financing tools or strategies that may be used to support specific development projects and related infrastructure needs but is not intended to limit or to define the specific financial package that may be needed to support those particular developments and

projects. Additional details will be worked out as specific development projects are proposed and necessary infrastructure needs identified to serve those specific development projects. This Funding Plan does not provide details of financing of individual projects or developments, as those details cannot be known until individual projects or developments are reviewed by the City.

Frog Pond East and South Infrastructure Summary

Consistent with the approach in the Frog Pond West Funding Plan, and as further explained below, the infrastructure needed to serve the Frog Pond East and South area has been grouped into three different categories: off-site infrastructure, on-site infrastructure and “Framework” or “Master Plan” infrastructure. The Framework or Master Plan infrastructure projects are the primary focus of this Funding Plan. The Frog Pond East and South Infrastructure Funding Plan uses the term “framework projects” or “framework infrastructure” to refer to these projects.

Off-site Infrastructure includes large projects that serve the broader Wilsonville community, are funded through System Development Charges (SDCs) generated by development throughout the City and through other City resources, and are generally located outside of the Frog Pond East/South area. Examples include:

- Water line crossing Boeckman Creek at the west end of Frog Pond Lane
- Water line crossing of Meridian Creek south of Meridian Creek Middle School
- Boeckman Creek sanitary sewer trunk line
- West side water reservoir
- Boeckman “Dip” Bridge
- Stafford-65th-Elligsen Roundabout
- Advance Road Community Park

On-site Infrastructure includes local projects which serve development of individual properties. Individual developers are responsible for construction and costs of construction of these projects. Examples include:

- Local streets and sidewalks
- Sanitary sewer mains
- Water mains
- Stormwater management
- Neighborhood parks

“Framework” or “Master Plan” Infrastructure includes projects that do not fall within the previously described off-site or on-site infrastructure categories due to one or more of the following factors:

- The project includes an “oversize” component that provides capacity beyond the City’s minimum standard to serve future development in Frog Pond East and South or other offsite areas.
- The project crosses multiple property ownerships not expected to develop concurrently.

- The project may be too large and expensive for any single developer to complete.
- The project may have geographically concentrated costs, but benefits all of Frog Pond East, South, or both.

The Frog Pond East and South Infrastructure Funding Plan focuses on funding policy and funding options for the following Framework Infrastructure projects:

- SW Stafford Road, including sanitary sewer and water
- SW Advance Road, including sanitary sewer and water
- Frog Pond East Neighborhood Park
- Frog Pond East BPA Easement Trail
- Frog Pond South Neighborhood Trail
- SW 60th Avenue, including water and storm
- Frog Pond East - Kahle East sanitary lift stations and force main
- Frog Pond East - Advance East sanitary lift station and force main
- Frog Pond South sanitary lift station and force main

Recommended Baseline Funding Strategy

As documented in the Frog Pond East and South Infrastructure Funding Plan Technical Appendix (Attachment 2), based on the anticipated development phasing it is projected that there will be sufficient SDC revenue generated from development within Frog Pond East and South planning area to account for both City SDC infrastructure funding responsibilities and SDC credits issued to developers for the “oversized” portion of developer-constructed infrastructure, in accordance with existing City policies and practices for development. Having no other identified funding sources, the City staff recommends an Infrastructure Funding Strategy for Frog Pond East and South focusing on this well-established methodology whereby the developer constructs the required infrastructure and is issued SDC credits for the “oversized” portion. Staff further recommends utilizing development agreements to fund developer construction of the City’s identified infrastructure responsibilities where efficiencies, minimized neighborhood impacts, and cost savings can be realized through such an agreement.

It should be noted that if the Frog Pond East & South development and/or infrastructure phasing assumptions change, the City’s required SDC cash flow may be affected and should be reassessed to ensure City SDC commitments can be met as development occurs over time. Consideration of additional funding strategies may be necessary to finance specific projects and ensure adequate funding.

As staff met with housing development stakeholders regarding the Funding Plan, concerns were raised regarding private development carrying more than its proportionate share of the infrastructure costs for the identified projects. However, as noted above, the Funding Plan does not and cannot analyze unknown, individual future developments. Rather, it documents the recommended options available to fund infrastructure in Frog Pond East and South. Financing of public infrastructure for each private development is determined when the private development

application is submitted to, and reviewed by, the City. The Wilsonville Code and state and federal case law already state that private development can only be responsible to fund public infrastructure in rough proportionality to its impact to and benefit from the public infrastructure.

Additional Alternative Funding Strategies for Consideration

As discussed above, the default and anticipated primary funding strategy in Frog Pond East and South is issuing SDC credits for developer-built infrastructure that is the City's responsibility. However, Staff recommends the Council approve a menu of alternative strategies for potential use. These strategies would be approved by Council on a case-by-case basis through future development agreements or detailed project-specific financing plans. Use of the alternative strategies would be most relevant with large capital costs early in the Frog Pond East and South development phases, when additional infrastructure funding support is desired by the City, or if there are changes to infrastructure phasing assumptions that affect SDC cash flow as development occurs over time.

The following are funding strategies that have been assessed as part of this analysis and are recommended as potential alternative strategies. The Funding Plan contains further detail of each of these strategies as well examples of framework projects they may be well suited to.

- Supplemental Infrastructure Fee
- Reimbursement District
- Local Improvement District (LID)
- Direct CIP Investment Using Citywide SDCs
- Localized Utility Rate Surcharge
- Urban Renewal District
- Grants and Investments by Other Governments

If any of these alternative fundings strategies are utilized in Frog Pond East and South, they may include funding for one or more Off-Site Infrastructure and/or Framework Infrastructure projects. For explanatory purposes only, and not as an indication of any future action, a supplemental infrastructure fee could be recommended to recover costs for certain Stafford Road improvements as well as the Boeckman Bridge project.

Conclusion

The exact timing and costs of Frog Pond East and South infrastructure is still unknown, despite the City gathering the best information available to date. The proposed Funding Plan finds that building out the infrastructure can primarily rely on existing policies revolving around SDC credits, but also provides a menu of optional strategies for use, in partnership with developers, as needed and desired. As land use entitlements are pursued the City will partner with developer(s) to establish specific financing plans and agreements for the subject development(s) using the framework established in the proposed Funding Plan.

Discussion Questions

The following would be helpful feedback from the City Council at this work session:

- What questions or comments does City Council have about the draft Frog Pond East and South Infrastructure Funding Plan?
- Does City Council concur with the primary funding strategy and the other potential alternative funding strategies?

EXPECTED RESULTS:

Feedback from the meeting will guide completion of a package of the Infrastructure Funding Plan for adoption in November.

TIMELINE:

Following feedback in the work session, adoption of the funding plan is anticipated in November.

CURRENT YEAR BUDGET IMPACTS:

The infrastructure funding work is funded by remaining funds from the \$350,000 Metro grant for the Frog Pond East and South Master Plan and matching City funds in the form of staff time.

COMMUNITY INVOLVEMENT PROCESS:

During this implementation phase the primary focus is on honoring past input. However, the project team continues to engage key stakeholders for input on the Infrastructure Funding Plan, particularly developers.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

Realization of the policy objectives set out in the Frog Pond East and South Master Plan to create Wilsonville's next great neighborhoods. This includes furthering of the City's Equitable Housing Strategic Plan and Council's goal of affordable home ownership.

ALTERNATIVES:

The project team is preparing an Infrastructure Funding Plan to help implement the Frog Pond East and South Master Plan. Several alternatives can be considered to meet the same intent.

CITY MANAGER COMMENTS:

N/A

ATTACHMENTS:

1. Draft Frog Pond East and South Master Plan Infrastructure Funding Plan
2. Draft Technical Attachment
3. Technical Attachment Support Information
4. Appendix H of Frog Pond Area Plan-Infrastructure Funding Plan (for reference)
5. Frog Pond West Infrastructure Funding Plan (for reference)